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The DEMAND and PRICE SITUATION

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U. S. DEPARTMENT OF AGRICULTURE

AMS

Approved by the Outlook and Situation Board, July 20, 1959

SUMMARY

The development of 1959 crops has been generally favorable but somewhat below the near ideal level of last year. Prospects for 1959 crops indicate a smaller total production than the 1958 record but larger than in any other year. The all-crop production index, based on July 1 conditions, is 113 (1947-49=100) compared with 118 in 1958 but well above the previous high of 106 reached in 1957, 1956, and 1948. Output of livestock and livestock products this year is running at an all-time high.

Corn output is forecast at a record 4.2 billion bushels but smaller crops of oats, barley and sorghums will leave total feed grain tonnage slightly below the record of 1958. Production of wheat is down about a fifth from the 1.5 billion bushels in 1958 but 7 percent above average. Noncitrus fruit production in 1959 is expected to be up about 6 percent. Summer vegetable production will be 3 percent above a year ago but potato production will be moderately smaller. Cotton planted in 1959 is estimated at 15.9 million acres, 28 percent above the 12.4 million acres planted in 1958, when nearly 5 million allotted acres were placed under the Acreage Reserve of the Soil Bank.

Farm product prices for the first half of 1959 averaged about 3 percent below the same period of 1958. From May to June, prices received by farmers declined 1 percent. Meat animal, poultry and egg and vegetable prices were lower but potato prices rose 37 percent. Prices paid by farmers, including interest, taxes and farm wage rates, rose slightly in June. The parity ratio, at 81, was 5 percent below a year ago and the lowest in 2 years.

(Continued on page 3)

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AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1958 Year	1958 June	1959 Mar.	1959 Apr.	1959 May	1959 June
Industrial production: Seasonally adj. 1/							
Total	1947-49=100	134	132	147	150	153	155
All manufactures	do.	136	134	150	153	156	159
Durable goods	do.	142	139	160	164	169	172
Nondurable goods	do.	130	129	140	142	144	146
Minerals	do.	117	112	123	124	126	126
Construction:							
Total outlays, seasonally adjusted 2/	Mil. dol.	48,980	3,929	4,669	4,649	4,616	4,561
Public construction	Mil. dol.	15,033	1,204	1,488	1,411	1,358	1,316
Private residential	Mil. dol.	17,884	1,386	1,867	1,931	1,939	1,893
Housing starts	Thousands	1,209	1,057	1,403	1,390	1,340	1,370
Manufacturers' sales and inventories: 2/							
Total sales, seasonally adjusted	Mil. dol.	26,246	25,747	29,130	30,266	30,525	
Durable goods	Mil. dol.	12,402	12,086	14,400	15,166	15,449	
Unfilled orders--sales ratio 5/		3.57	3.61	3.28	3.12	3.01	
Inventory-sales ratio 6/		1.93	1.95	1.73	1.69	1.69	
Durable goods		2.32	2.36	2.01	1.94	1.92	
Employment and wages: 7/							
Total civilian employment	Millions	64.0	65.0	63.8	65.0	66.0	67.3
Nonagricultural	do.	58.1	58.1	58.6	59.2	59.6	60.1
Unemployment	do.	4.7	5.4	4.4	3.6	3.4	4.0
Workweek in manufacturing	Hours	39.2	40.0	40.2	40.3	40.5	40.6
Hourly earnings in manufacturing	Dollars	2.13	2.12	2.22	2.23	2.23	2.23
Income and spending:							
Personal income payments 2/ 3/	Bil. dol.	359.0	357.1	375.4	379.0	381.3	382.9
Consumer credit outstanding 1/	Mil. dol.	45,065	43,079	44,203	44,916	45,790	
Automobile	Mil. dol.	14,131	14,590	14,375	14,686	14,991	
Total retail sales, seasonally adj. 2/	Mil. dol.	16,682	16,581	17,892	17,953	18,270	18,196
Durable goods	Mil. dol.	5,284	5,149	6,046	6,137	6,100	6,153
Inventory-sales ratio 6/		1.44	1.45	1.35	1.36	1.34	
Prices:							
Wholesale prices, all commodities 4/	1947-49=100	119	119	120	120	120	120
Commodities other than farm and food	do.	126	125	128	128	128	128
Farm products	do.	95	96	91	92	91	90
Foods processed	do.	111	114	107	107	108	108
Consumer price index, all items 4/	1947-49=100	124	124	124	124	124	
Food	do.	120	122	118	118	118	
Prices received by farmers 8/	1910-14=100	250	250	244	244	245	242
Crops	do.	223	223	220	223	230	229
Livestock and products	do.	273	272	264	261	258	252
Prices paid, interest, taxes and wage rates 8/	1910-14=100	293	294	298	299	299	298
Family living items	do.	287	287	287	287	288	288
Production items	do.	264	265	267	269	268	267
Parity ratio 8/		85	85	82	82	82	81
Farm income and marketings: 8/							
Volume of farm marketings	1947-49=100	125	102	96	96	99	110
Cash receipts from farm marketings	Mil. dol.	33,560	2,287	2,107	2,179	2,180	2,300

Annual data for most of these items for the years 1929 and 1939-58 appear on page 35 of the April 1959 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board, July 20, 1959

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The volume of farm marketings in the first 6 months of 1959 increased almost 3 percent over the corresponding period of 1958. But because of lower prices, cash receipts from farm marketings, at $13.9 billion, were close to the $14.0 billion received during the first half of last year. Receipts from crop sales were about 4 percent higher than a year earlier but cash receipts for livestock and products were lower. Government payments were lower than last year because Acreage Reserve payments were discontinued, and realized gross farm income was down about 1 percent from the first half of 1958. Production expenses continued their upward trend, reaching a record annual rate of $25.8 billion in the first 6 months of this year, 3 percent above the rate during January-June 1958. Realized net income was at an annual average rate of about $12 billion, a billion dollars below the first half of 1958 but over a billion dollars higher than in 1957.

Business activity expanded rapidly in the second quarter of 1959, but in early July the rate of increase had tapered off as industry approached the normal summer lull. The steel industry was strike-bound in mid-July and automobile firms are approaching shutdowns for model changeovers. Personal income reached an annual rate of $381.1 billion in the second quarter of 1959, up 7 percent from a year ago. With higher incomes, retail sales in April-June were up nearly a tenth, with the largest gains in durable goods. Employment reached a new record of 67.3 million in June, and industrial production at 155 (1947-49=100) was 17 percent above a year ago.

Commodity Highlights

Cattle prices are likely to remain stable during the rest of this year. Some seasonal declines are likely for sheep and lambs this summer, but prices probably will average near those of last year. If producers' intentions to increase farrowings this fall materialize, hog prices through next spring are not expected to equal those of a year earlier.

A limited seasonal increase in egg prices is likely in the next few months. Broiler prices in August are likely to exceed the monthly averages to date in 1959.

Prices received by farmers for soybeans this summer probably will average near the 1958 loan rate of $2.09 per bushel, or about the same as last year. Production of lard in 1959-60 is likely to be 10 percent higher than the 2,675 million pounds now estimated for the current marketing year.

Feed prices this summer and fall are expected to remain a little below those of a year earlier because a large 1959 feed crop is in prospect and 1959 price supports are generally lower.

Supplies of fresh deciduous and citrus fruits are expected to be somewhat greater this summer than last as a result of larger crops of most fruits.

Prices received by farmers for fresh vegetables and sweetpotatoes probably will be about the same as those of last year, if present production prospects materialize. Potato prices are likely to average considerably above the low levels of last summer.

The Crop Reporting Board estimated on July 8 that 15.9 million acres were planted to cotton in 1959, 3.5 million acres more than in 1958.

Incentive payments for the 1959 wool clip will be substantially below the $85 million estimated for 1958 because of the firming of prices this season.

Indicated production in 1959 for all types of tobacco combined is about 3 percent above last year, but the third smallest since 1943.

GENERAL BUSINESS CONDITIONS

Business activity continued to advance in July but the rate of gain apparently has slackened somewhat as the steel industry was still strike-bound in mid-July and automobile companies approach model changeovers.

Personal Incomes and Retail Sales

Personal income was at a record annual rate in the second quarter of 1959 of $381.1 billion, compared with $371.8 billion in January-March and $355.0 billion a year ago. Higher wage and salary payments accounted for most of the increase in income. With substantially improved levels of corporate

profits, dividend payments have increased. Interest and transfer payments also have risen.

Consumer Prices Steady

The Bureau of Labor Statistics' Consumer Price Index in the second quarter of 1959 averaged only fractionally higher than the comparable period a year ago. The Farm Family Living Index in the second quarter of 1959 also was up fractionally. In both indexes, lower food prices just about offset increases in the cost of other items. Clothing, building materials and automobiles purchased by farmers were higher than a year ago. Urban consumers, whose spending patterns are different from farmers', paid substantially higher prices for services such as rent, transportation, and medical care, than last year.

Retail Sales at High Rate

Retail sales in the second quarter of 1959 averaged $18.1 billion, up nearly a tenth from a year ago. The rise in retail sales reflects optimism of consumers concerning their income and job prospects and a willingness to increase their debts to purchase consumer durable goods. Consumer installment credit outstanding increased about $1.9 billion in the first 5 months of 1959, compared with a net decline of half a billion dollars in the same period in 1958.

Durable Goods Sales Up Sharply

Retail sales of durable goods stores were up nearly a fifth in June from a year earlier. Automobile sales have shown the most striking recovery and in June were $3.8 billion, up a fourth from a year ago. The number of dealer sales in the past several months has held relatively steady and in June averaged about 45 percent above the same period last year. Sales of appliances and household equipment have also increased, in part reflecting substantially higher housing completions. Retail sales of furniture and appliances in June were 15 percent above a year ago.

Retail sales of nondurable goods, which are more closely tied to day-to-day needs of consumers than durables, in June were 5 percent above a year ago. Sales of clothing and shoes have increased rapidly and in June retail sales of apparel were up 13 percent from a year ago. Gasoline and oil purchases continued their long term increase and retail sales of service stations were up 12 percent. Food and alcoholic beverages purchases continued to rise although prices have declined around 3 percent in the past year. Retail sales of the food group in June were nearly 4 percent above a year ago.

Private Investment

Businessmen increased their investment in manufacturing and trade inventories in April-May 1959 by $1.6 billion compared with liquidation of a like amount a year earlier. The increase in investment in inventories reflects

the improved level of sales at manufacturing and trade levels. Manufacturers' sales in May were up a fifth and retail sales in June were 10 percent above a year ago. Sales have risen faster than inventories. The stock-sales ratio for all manufacturing was 1.69 in May, compared with 2.02 a year ago. The retail stock-sales ratio in May of 1.34 was down from 1.44 in May 1958. In recent months, part of the accumulation in manufacturing inventories was by steel users in anticipation of a strike, but there were gains in most other industry groups. The largest increases in retail inventories were for automobiles. Dealers' inventories at the end of June were close to record levels, but in relation to current sales the stock-sales ratio is considerably below June 1958.

New Construction Levels Out

The trend in outlays for new construction in the past year has been dominated by residential outlays which in the second quarter of 1959 were 36 percent above a year earlier. Residential outlays have leveled out in recent months and from May to June rose less than seasonally. The number of new nonfarm housing starts in June was at an annual rate of 1,370,000 units, compared with the 1,432,000 peak of December 1958. The tightening of credit, particularly during the last 6 months, has tended to restrict the volume of new housing starts by increasing the cost of financing and reducing the flow of funds into mortgages.

Capital Spending Expands

Capital spending by business for 1959 is expected to total $32\frac{1}{2}$ billion, up 7 percent from 1958, according to a recent survey conducted by the Securities and Exchange Commission and the Department of Commerce. While industrial and related construction is substantially below a year ago, contract awards have turned up recently for the first time since 1957. In June, most private nonresidential construction outlays rose more than seasonally. Industrial building outlays, while 14 percent below a year ago, were up 5 percent between May and June. According to the recent McGraw-Hill survey of spending plans, business intended to spend a higher proportion of its capital outlays for new equipment in 1959 than in any previous year.

Government Spending

Purchases by Federal, State and local Governments of goods and services in the first quarter of 1959 were at an annual rate of $97.4 billion, about $8 billion above the first quarter of 1958.

For the first 11 months of fiscal year 1958-59 budget expenditures for the Defense Department rose $2.1 billion and the Atomic Energy Commission about $300 million. CCC price support activities were mainly responsible for the $2.3 billion increase in the Agriculture Department's expenditures from 1957-58 to 1958-59. Higher wages and salaries also have accounted for some of the increase in expenditures.

Net budget expenditures for the first 11 months of fiscal year 1958-59 were almost $7 billion above 1957-58. Net budget receipts were slightly lower, reflecting the decline in business activity in 1958 upon receipts, particularly from corporations. The budget deficit in the first 11 months of 1958-59 was $14 billion compared with $7 billion in the same period a year earlier (table 1).

Purchases by State and local Governments increased over $4 billion between the first quarter of 1958 and the first quarter of 1959. Rising demand for essential public services, associated in large part with a growing population, have contributed to much of the increase in outlays. The State highway programs, financed in large part by Federal grants, have contributed to the increase in purchases.

Export Balance Continues to Decline

United States exports through May of fiscal 1958-59 totaled $15.9 billion, $3.3 billion more than imports of $12.6 billion. This compares with an export balance of 5.6 billion for the corresponding period a year ago. Through the first 11 months of fiscal 1957-58, exports amounted to $17.3 billion, while imports totaled $11.7 billion.

The decline in exports from the 1956-57 peak continues to be attributable largely to coal and coke, petroleum, steel and steel products and nonferrous metals. Shipments of these commodities dropped sharply after the Suez crisis and remained below the 1956-57 level throughout 1958 because of the recession in Europe and Japan and lower export earnings of primary-producing countries. Exports of these items have remained relatively low through early 1959. On the other hand, United States imports were stable during the business recession in this country and have risen to an all-time high since the economic recovery began.

Table 1.--Federal Budget Receipts, Expenditures and Deficit for July-May 1957-58 and July-May 1958-59, with change

	1957-58	1958-59 1/	Change 1958-59 from 1957-58
	Bil. dol.	Bil. dol.	Bil. dol.
Net budget receipts	58.3	58.1	-.2
Net budget expenditures	65.3	72.1	6.8
Major national security	39.8	41.9	2.1
Department of Agriculture	4.4	6.7	2.3
Other	21.1	23.5	2.4
Budget deficit (-)	-7.0	-14.0	7.0

1/ Preliminary.

Treasury Department.

Production and Employment

Industrial production reached a new record of 155 (1947-49=100) in June, 17 percent above a year ago. In early July, steel production declined moderately but automobile output is running at about the same rate as in June. Durable goods production at 172 was up 2 percent from May and 24 percent above last June. Steel production averaged 90 percent of capacity in June, slightly below the May rate, as steel users continued to build stocks in anticipation of the work stoppage which started on July 15. Automobile production in June was 2 percent above May and 58 percent higher than a year ago. Nondurable output changed little between May and June and the index was 13 percent higher than June 1958.

Employment Improves

Civilian employment increased further in June to 67.3 million, up about 2.4 million from a year ago. There were further gains in manufacturing employment, among both durable and nondurable goods firms. The number of factory workers in June totaled 16.5 million, up substantially from a year ago. In nonmanufacturing industries, employment continued to rise slowly in June and it was 900 thousand above a year ago. Above average gains were registered between May and June in trade, State and local Government, and services.

Unemployment in June totaled 4.0 million, up 600 thousand from May but $1\frac{1}{2}$ million below a year ago. A large number of students normally enter the labor force in June resulting in a sharp rise in unemployment. The increase in unemployment last month was about normal for that month of the year. Unemployment, seasonally adjusted, was 4.9 percent of the civilian labor force, unchanged from May, and compares with 4 to $4\frac{1}{2}$ percent in June 1955-57.

Production Advances Faster than Rise in Jobs

The gains in output of goods and services continue to exceed increases in labor input. The gross national product rose 9 percent from the low in the first quarter of 1958 to the first quarter of this year. Employment in the first quarter of this year averaged $1\frac{1}{2}$ percent higher than in January-March period, 1958.

Gains in output in relation to employment have been greatest in industry. Output of the nation's factories and mines has risen sharply since the recession low last April but industrial employment is up only moderately (table 2). Although manhours worked have expanded, partly through an increase in the work week, aggregate manhours have risen much less than output. This is true of both durable and nondurable goods industries. In mining, employment has declined 2 percent since the botton of the recession while production of minerals has risen 16 percent. Employment in mining has been trending downward for many years through recession and recovery alike.

Changes in the pattern of factory employment and output in the present recovery period thus far have paralleled those of the period of recovery from the 1953-54 recession. Both the number of jobs in manufacturing and total manhours never regained the peak level of 17.3 million reached in mid-1953.

Table 2.--Production, employment, and hours in industry, April 1958 and June 1959

Item	Unit	April 1958	June 1959	Percentage change Apr. 1958 to June 1959
All manufacturing				
Index of production	1947-49=100	128	159	24
Manufacturing employment	Thousands	15,104	16,487	9
Average weekly hours	Hours	38.3	40.6	6
Durables manufacturing				
Index of production	1947-49=100	131	172	31
Durables manufacturing employment	Thousands	3,864	9,549	12
Average weekly hours	Hours	38.8	41.2	6
Nondurables manufacturing				
Index of production	1947-49=100	125	146	17
Nondurables manufacturing employment	Thousands	6,540	6,938	6
Average weekly hours	Hours	37.7	39.6	5
Minerals				
Index of production	1947-49=100	109	126	16
Mining employment	Thousands	716	701	-2
Average weekly hours	Hours	37.4	1/40.8	9

1/ May 1959, preliminary.

Agricultural and Industrial Prices

Prices received by farmers in mid-June averaged 3 percent below a year ago. The decline was due principally to increased supplies of hogs, eggs, poultry, and fruit. Prices of some products, particularly potatoes, averaged higher than a year earlier.

The index of prices received by farmers in June at 242 (1910-14=100), averaged 1 percent below May. Most of the decline was in the livestock and products group which was down 2 percent, reflecting contraseasonal declines in meat animals, mostly hogs and cattle. The poultry and egg index continued to decline seasonally in June and was 27 percent below a year ago, but prices have strengthened in the last month. Midwestern eggs, mixed colors at New York on July 10 were up 15 percent from mid-June. Vegetable prices were down about a sixth from mid-May to mid-June, while potato prices were up about 37 percent. Supplies of potatoes are currently considerably smaller than a year earlier. Wheat prices also declined seasonally with the beginning of harvest on the 1959 crop (table 3).

Table 3.--Agricultural and industrial prices, annual averages 1957 and 1958, and June 1958 and June 1959, with change

Item	1957	1958	June 1958	June 1959	Percentage change June 1959 from June 1958
	1947-49 = 100	1947-49 = 100	1947-49 = 100	1947-49 = 100	Percent
Prices received by farmers:	87	92	92	89	- 3.3
Crops	91	90	90	93	3.3
Livestock and Products	84	93	93	86	- 7.5
Prices paid by farmers, interest, taxes and wage rates	114	117	117	119	1.7
Production	108	111	112	113	.9
Wholesale prices (BLS)	118	119	119	120	0
Farm products and processed foods:					
Farm products	91	95	96	90	- 6.0
Processed foods	114	111	114	108	- 5.3
All commodities other than farm and foods(industrial)	126	126	125	128	2.4

Departments of Agriculture and Labor.

In contrast with declining farm product prices, wholesale industrial price have increased about 2½ percent since mid-1958. Industrial output, which increased 17 percent since June 1958, has stimulated demand for industrial products. There has been a sharp recovery in some nonfood crude materials which in May were about 6 percent above a year ago. Leather and leather products prices in June were 19 percent above a year ago, reflecting a record demand for shoes as well as smaller supplies of hides. The high rate of home-building has increased prices of lumber and products 11 percent from June 1958. In recent months, however, lumber prices have tended to level out as new housing starts have eased a little. Fuel prices have declined in recent months.

Rising costs in the production of intermediate materials and finished goods have also been a factor responsible for the increase in industrial prices. Intermediate nonfood materials used for manufacturing in May were up about 3½ percent for durables and 2 percent for nondurables from a year ago. Materials, supplies and components used in construction increased about 4 percent between May 1958 and May 1959. Among the final products, producers' finished goods prices increased about 2 percent in the past year and those of consumer nondurables other than food were up a similar amount. Part of the rise in wage costs, which amounted to about 5 percent in average hourly earnings of factory workers between mid-1958 and mid-1959, is apparently reflected in the higher prices of intermediate and final products.

AGRICULTURAL EXPORTS BY DESTINATION

Exports to the Five Leading Markets Decrease

The 5 leading outlets for United States agricultural exports-the United Kingdom, Japan, Canada, Western Germany and the Netherlands-reduced their takings from $1,959 million in 1957 to $1,606 million in 1958. They received 42 percent of the $3,854 million total, approximately the same percent of the $4,506 million total of a year earlier. The decline primarily resulted from smaller purchases of cotton. In 1958, these countries accounted for 41 percent of the $661 million value of cotton exports, compared with 55 percent of the $1,060 million in 1957. The United Kingdom and Western Germany reduced imports of cotton by well over one-half and the other 3 countries by one-third or more.

The United Kingdom in 1958 kept its traditional place as the best customer for United States farm products, although shipments to that country dropped to $409 million from a peak of $501 million 1957. Agricultural exports in 1958 were almost $70 million above the 1950-54 average. The decline in economic activity in Britain was particularly severe in the textile industry and cotton purchases were reduced by about $80 million. Feed grain, fruit, vegetable and nut shipments rose by $18 million, but were not large enough to offset smaller exports of food grains, fats and oils, and tobacco. Feed grain purchases, totaling $101 million, in 1958 compared with $87 million the year before, reflected growing livestock numbers and a drop in the production of oats and barley in 1958. Tobacco exports were 3 percent below the previous year. The United States share in the United Kingdom's tobacco market declined from 78 percent in the immediate pre-war period to 52 percent in 1958 because of: (1) a long-term guaranteed purchase agreement between the United Kingdom and Rhodesia, (2) a preferential import duty system which imposes a higher tariff on non-Commonwealth tobacco, and (3) a regulation in the United Kingdom which specifies the maximum percentage of tobacco from dollar sources which a British firm may use in the manufacture of tobacco products for home consumption.

United States agricultural exports to Japan totaled $361 million in 1958, $93 million below the previous year and about $35 million below the 1950-54 average. Although exports of cotton to Japan fell to a 5-year low of $118 million, that country was the largest United States outlet for cotton. Shipments of soybeans have been steadily rising in recent years because of their importance as a cheap protein food. Exports of soybeans were further stimulated after May 1958 when Japan broke trade relations with Communist China, a major exporter. Among the other commodity groups, shipments of food grains, animal products, fruits and vegetables declined, while those of tobacco, and feed grains rose.

Agricultural exports to Canada amounted to $344 million in 1958, only $10 million below the record $354 million registered in 1957, and $74 million above the 1950-54 level. Canada was the principal export market for United States fruits, vegetables and animal products. The value of exports of fruits and vegetables has more than doubled since 1950, and in 1958 accounted for

Table 4.--United States exports by country of destination, calendar years, 1957 and 1958

(Millions of dollars)

Country	All commodities 1/	Total agricultural	Food grains 2/	Feed grains 3/	Cotton 4/	Fats, oils and oilseeds 5/	Tobacco unmfd.	Fruits, nuts and vegetables	Other animal products 6/	Private relief	Other
United Kingdom											
1957	1,100.9	500.7	51.4	88.6	144.3	41.2	128.4	18.2	18.0	0.1	10.5
1958	837.7	409.3	43.6	100.9	64.2	26.6	124.3	24.2	18.1	0.1	7.3
Japan											
1957	1,234.0	454.1	84.8	27.1	217.3	84.2	3.3	2.7	26.4	2.3	6.0
1958	833.6	361.1	70.9	39.5	118.1	92.2	10.4	2.5	18.9	2.7	5.9
Canada											
1957	3,912.5	354.5	8.3	17.3	43.3	45.7	2.1	164.3	31.3	0.1	42.1
1958	3,417.8	344.4	8.0	20.7	29.2	41.9	2.5	167.3	32.7	7/	42.1
West Germany											
1957	956.7	411.4	44.0	18.9	147.3	81.9	46.0	30.0	21.7	10.9	10.7
1958	733.6	285.5	36.1	32.3	50.5	33.4	59.9	36.8	19.9	8.3	8.3
Netherlands											
1957	554.9	238.4	19.7	41.6	29.7	80.0	16.0	21.8	24.2	7/	5.4
1958	442.0	205.4	17.4	76.8	11.9	47.0	11.6	17.1	19.2	7/	4.4
India											
1957	439.3	252.9	197.7	7/	36.9	7/	2.7	0.1	4.0	10.9	0.5
1958	312.6	175.9	142.6	6.7	11.4	0.1	2.9	7/	3.4	8.7	0.1
Cuba											
1957	618.0	146.8	57.6	2.9	4.8	30.8	0	26.6	20.4	0	3.7
1958	545.9	145.1	56.5	6.2	3.7	27.8	0	26.4	16.7	7/	7.8
Spain											
1957	203.7	99.7	1.0	5.6	14.7	43.6	2.1	0.1	13.4	19.2	7/
1958	214.7	144.4	7/	6.2	53.0	64.4	3.8	7/	2.9	13.9	0.2
Italy											
1957	664.3	213.9	15.9	4.4	98.1	43.1	4.5	1.2	12.8	29.0	4.9
1958	487.2	141.6	6.9	3.3	59.1	32.5	5.8	0.9	5.0	21.6	6.5
Republic of Korea											
1957	277.5	123.2	47.6	16.4	22.2	10.4	2.1	0.6	9.5	13.4	1.0
1958	216.1	110.8	32.7	18.0	32.5	10.4	0	0.7	1.0	14.8	0.7
"Other"											
1957	10,888.5	1,710.3	460.0	157.2	300.9	189.1	151.9	112.0	186.8	89.6	62.9
1958	9,816.7	1,530.5	396.4	176.1	227.3	164.3	133.2	116.3	173.5	83.4	60.0
Total											
1957	20,850.3	4,505.9	988.0	380.0	1,059.5	650.0	359.1	377.6	368.5	175.5	147.7
1958	17,857.9	3,854.0	811.1	486.7	660.9	540.6	354.4	392.2	311.3	153.5	143.3

1/ Includes Reexports. 2/ Wheat, rye, rice and products. 3/ Barley, oats, corn, grain sorghums, and products. 4/ Includes linters. 5/ Includes primarily: lard; tallow; cottonseed, soybean, and linseed oils; soybeans; and flaxseed. 6/ Includes primarily: Meats, live animals, sausage casing, dairy products, wool, hides and skins, and eggs. 7/ Less than $50,000.

Compiled from Bureau of Census data. Revisions since issuance of Census reports FT 41 and FT 420 are excluded.

almost 50 percent of farm product exports to Canada. Shipments of cotton fell from $43 million in 1957 to $29 million in 1958 because of increased Canadian mill consumption of Central American and Mexican growths.

The drop in agricultural exports to Western Germany, from $411 million in 1957 to $286 million in 1958, resulted from smaller shipments of food grains, cotton, fats and oils and animal products. However, exports in 1958 were only 4 percent below the 1950-54 average. Increases occurred for feed grains, tobacco, fruits and vegetables. United States exports of food grains have declined in recent years because of increased production in Germany and greater competition from other wheat exporting countries. In 1958, wheat output in Germany was 23 percent above the 1950-54 average, while rye was 12 percent higher. Larger tobacco purchases reflected a rebuilding of stocks, economic prosperity and a greater popularity for American type cigarettes.

The Netherlands received $205 million of United States farm products in 1958 and replaced India as the fifth best market. The Netherlands usually ranks among the top 5 markets. Agricultural exports in 1958 were 14 percent below those in 1957, but 23 percent higher than 1950-54. Many agricultural commodities shipped to the Netherlands are processed and re-exported to other countries. Exports of all commodity groups except feed grains were below the 1957 level. Feed grain exports rose by $35 million as the Netherlands shared in the striking rise in European demand for United States feed grains.

United States Agricultural Exports to Smaller Markets Increase

Among the 10 leading countries, only Spain increased takings of United States farm products in 1958 (table 4). Agricultural exports to Spain rose from $100 million in 1957 to $144 million in 1958 because of a substantial increase in government sponsored shipments of cotton and fats and oils. However, 7 of the next 10 market outlets increased their purchases. Larger shipments of tobacco, fats and oils, and dried beans resulted in a $2.8 million increase in exports to Mexico. United States cotton shipments to France in 1958 were about 40 percent larger than the year before and sufficient to offset smaller exports of food and feed grains and fats and oils. French textile mills operated at relatively high levels through October 1958, despite declining demand for cotton products. A gain of $1.3 million was registered in Venezuela because of larger shipments of wheat and flour. United States exports to Poland rose by $16.6 million in 1958, reflecting increases in feed grains, cotton rye and hides and skins. Approximately 84 percent of these exports were shipped under Public Law 480. Poland is the only country in the Soviet Bloc eligible to receive farm commodities acquired from ommodity Credit Corporation stocks.

Larger shipments of United States food grains and cotton to the Philippines in 1958 increased exports $7.4 million above the previous year. Cotton production in the Philippines provides an insignificant part of total mill consumption in that country. Pakistan's 10 percent increase in takings of United States farm products resulted from a sharp rise in food grains. Although production of wheat and rice has risen in recent years in Pakistan,

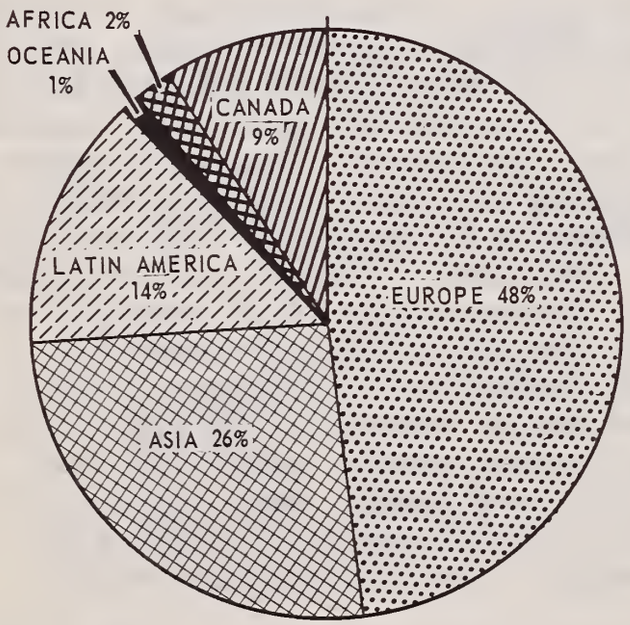
domestic output is not adequate to fulfill increased consumption resulting from higher standards of living and rising population. Drought in Israel caused a poor feed grain crop, particularly barley, and spurred a $5.9 million increase in United States feed grain exports. Furthermore, larger shipments of fats and oils, cotton and some animal products were made. Total agricultural exports to Israel were at the exceptionally high level of $54 million in 1958, about $8.2 million above the year before.

Exports to Many Countries are under Government Programs

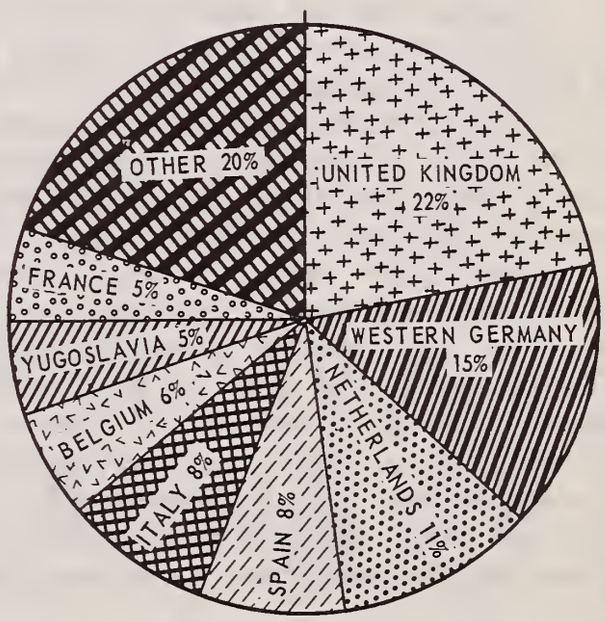
Approximately 33 percent of United States agricultural exports in 1958 were non-dollar shipments, including sales for foreign currency, barter, famine relief and donations. Farm products shipped under Government programs went to all major world areas except Canada. Even though Europe accounted for 46 percent, less than 5 percent of exports to the 3 main markets in Europe were Government-financed. The most important countries for Government sponsored exports to Europe were Spain, Italy, France, Poland, Turkey and Yugoslavia. Shipments to Asia, where many countries lack dollars, represented 43 percent of Government-financed exports. Almost all exports shipped to India,

DESTINATION OF U. S. AGRICULTURAL EXPORTS

Calendar Year, 1958



U. S. AGRICULTURAL EXPORTS TO MAJOR AREAS



U. S. AGRICULTURAL EXPORTS TO LEADING MARKETS IN EUROPE

SOURCE: FOREIGN AGRICULTURAL SERVICE, USDA

U. S. DEPARTMENT OF AGRICULTURE NEG. 7383-59 (7) AGRICULTURAL MARKETING SERVICE

Jordan, Pakistan, Formosa and Vietnam were under Public Law 480 or the Mutual Security Program. Latin America and Africa accounted for 8 and 2 percent, respectively, of Government financed exports in 1958. Oceania received less than 1 percent of exports under Public Law 480 and Mutual Security.

FARM INCOME

Cash receipts from farm marketings in the first half of 1959 totaled approximately $13.9 billion, compared with $14.0 billion in the same period of 1958. Prices received by farmers averaged about 3 percent lower than in 1958, while the volume of marketings was up nearly 3 percent.

Farmers received about $9.0 billion from livestock and livestock products in the first half of 1959, or 3 percent less than in the same period of 1958. Total meat animal receipts showed little change. Receipts from cattle rose substantially as prices increased but receipts from hogs dropped sharply as prices more than offset larger marketings. Receipts from poultry and eggs were down because of lower prices. The January-June 1959 volume of marketings of livestock and products was up 2½ percent from a year earlier because of larger marketings of hogs and record-breaking sales of broilers.

Crop receipts of $4.9 billion in the first half of 1959 were about 5 percent above the revised estimate for the first half of 1958, with increased marketings more than offsetting slightly lower prices. Movement to market of last year's record wheat crop was the principal factor in maintaining cash receipts in the first half of 1959 above a year earlier. Receipts from oranges, corn, and tobacco were up also. These increases were partly offset by smaller marketings of sorghum grain and lower average prices for potatoes.

Preliminary estimates indicate receipts from farm marketings of $2.3 billion in June 1959, up slightly from a year earlier. Receipts from livestock and products are tentatively estimated at $1.5 billion, down about 4 percent from a year ago. Receipts from crops, estimated at $0.8 billion, were somewhat higher than June 1958, mostly due to the earlier 1959 wheat harvest.

LIVESTOCK AND MEAT

Livestock slaughter and meat production will continue above year-earlier levels during the next few months. Hogs are expected to provide most of the increase. Cattle slaughter may be up a little. Hog prices had declined appreciably by late July, and probably will remain relatively low. Prices of grass cattle are down somewhat and could decline a bit more. Fed cattle prices may change little. Sheep and lamb marketings are expected to be up from last summer and prices will likely average about the same or a little lower than a year ago until late in the year.

Hogs slaughtered in July began to include some from the 1959 spring pig crop which was 12 percent larger than the 1958 crop. These overlapped with remaining hogs from 1958 fall farrowings. As pork continued to move out of cold storage in July from stocks a third larger than last year, prices of hogs declined. Some price recovery is likely, but because marketings will continue large, it will be temporary. Some further dip in price is probable about mid-fall. But on the whole, the summer and fall season may be marked by considerably less seasonal change in hog prices than usual.

Producers' intentions for this fall are for 8 percent more farrowings than last fall. If these plans are carried out and the uptrend in litter size continues, the total pig crop this year would be 104.5 million head, 10 percent more than last year and a peacetime record. Hence, through at least next spring, hog prices will stay below a year earlier. The price outlook for hogs justifies producers' considering the prospects carefully before making their plans for 1960 farrowings.

Cattle prices are likely to be relatively stable the rest of this year. Marketings of fed steers and heifers will remain large since the number of cattle and calves on feed July 1 in 13 leading States was 10 percent greater than last July. Producers' intentions as judged by the experience in previous years, indicate about an equal gain in marketing during July-September over last year.

Non-fed cattle slaughter this summer will be as large or a little larger than the low volume last summer. Cow slaughter will continue small but is expected to climb to about last summer's unusually low rate. Some declines are possible in the price of cows and feeder cattle.

Sheep and lamb prices will likely decline somewhat as slaughter rises seasonally this summer, but will probably average near those of last summer.

Demand for meat is expected to continue strong. Retail prices of meat are expected to be unusually stable the next few months, except for lower prices of pork.

DAIRY PRODUCTS

Prices for dairy products are stable near year earlier levels. Milk production on farms in the first half of 1959 was slightly below a year earlier. Total civilian consumption is up slightly and purchases under the support program are down a little.

The rate of milk production per cow has continued to set new record highs. But with strong markets for beef cattle, the culling rate among milking herds has continued relatively high. As a result, total milk production did not quite equal that of a year earlier during the first half of 1959.

Retail prices for fluid milk declined less between the first and second quarters this year than last. Beginning with April, they have been a little above last year. But with record consumer incomes, consumption of fluid milk per person has been fully equal to a year earlier, if not a little higher. Per capita consumption of frozen dairy products is showing a sizable increase this year, reflecting also the larger incomes and, probably even more, the reduction in retail prices on larger consumer size packages of ice cream. Cheese consumption also is holding near last year's high levels.

So far in the marketing year which started April 1, Government purchases of butter and cheese, in terms of milk equivalent, have been around 6 percent under the level of a year earlier. However, purchases of nonfat dry milk continue near the record level of the 1958-59 marketing year.

POULTRY AND EGGS

The outlook is for limited seasonal egg price rises in the next few months, with the increases--as usual--most pronounced for large eggs of the better grades. However, U. S. average prices are not likely to exceed 1958 for any length of time until possibly the last month or two of the year.

In mid-June egg prices began a sharp recovery from the very low levels to which they had fallen in the preceding 2 months. Following a slight recession from their peak, in early July nearby eggs in New York City, at 44 cents per dozen for large whites, were about 3 cents below the year before, while some quotations on the West Coast were even closer to last year. Chicago prices were about 8 cents below 1958. Earlier this spring prices had been generally 10 to 14 cents per dozen lower than a year earlier.

In mid-June the U. S. average price received by farmers for eggs was 24.9 cents per dozen, compared with 35.2 cents in June 1958. The rapid rise in egg prices since mid-June has brought the U. S. average price much closer to 1958.

Seasonally declining supplies of eggs are a factor in the recent rise, following a greater than seasonal reduction in the size of the national flock during May and June. In addition, considerable U.S.D.A. purchases of dried egg, and an extension of the purchase program to frozen egg, have helped to absorb the heavy egg production relative to last year. Production in January-June was 5 percent--4 million cases--above 1958.

Increased commercial storage also helped to absorb the additional egg production. Stocks on June 1 included 0.3 million cases more shell eggs than last year, and the equivalent of more than 0.5 million cases more than last year of eggs in frozen form. Use of eggs per person by civilian consumers in January-May 1959 was not above the same period of 1958 even though retail prices ranged from 2 percent below a year earlier in February to 20 percent

below in May. In the first half of each year consumption is seasonally large and relatively less responsive to price changes than later in the year. In the remainder of 1959, per capita civilian consumption is likely to exceed the corresponding months of 1958, reflecting continued large production that is in prospect, ample supplies in storage, and lower retail prices.

Despite the significant reduction in the size of the national laying flock during May and June, the July 1 flock was only 1 percent smaller than last year. The number of pullets for laying flock replacement to mature before October 1 is larger than a year ago, and rate-of-lay per bird still increases from year to year. As a result, monthly egg production in the remaining months of 1959 is likely to exceed 1958. On January 1, 1960, the number of layers on hand will probably be almost as large as the 327 million of January 1, 1959.

Broiler prices picked up noticeably during the last half of June. A further rise is likely by late July or August, because weekly chick placements have been declining, and since early May have been below the year before. The reduction in broiler marketings will be greatest in late July and August when consumer demand for frying chicken is usually at its seasonal peak.

The mid-June U. S. average broiler price, 15.8 cents per pound, was the lowest mid-month average to date for 1959. This did not reflect the price increases of 2 cents per pound or more which occurred later in the month. Average prices in late July and August are likely to exceed the 17+ cents of January-March.

If broiler prices increase as anticipated, weekly egg settings and chick placements are unlikely to continue 7 and 8 percent below last year, as they had been in recent weeks.

The 1959 turkey crop is likely to slightly exceed the record of 81 million turkeys raised in 1957. An increased proportion of the crop will be Beltsvilles and large white turkeys, and fewer will be Bronze, than in both 1957 and 1958.

The increase from last year in the turkey crop came in the hatches of May and earlier. This indicates larger slaughter in the late summer months than last year, much of which will move into storage until the holidays. Recent prices for hens and other lightweight birds have been at a low level which may be reflected in offering prices for such birds during the into-storage season. Last year, USDA bought 23 million pounds of frozen turkey from August through December.

Turkey slaughter after October is likely to be below 1958 since the June hatch was smaller than a year earlier, and settings have since declined further. This, coupled with the facts that part of the increased turkey crop is already slaughtered and eaten, and that storage stocks are below last year, are plus factors in the turkey price outlook for the closing months of this year.

OILSEEDS, FATS, AND OILS

Prices received by farmers for soybeans this summer are expected to average near the 1958 loan rate of $2.09 per bushel, or about the same as last year. If another large crop is in prospect this fall, soybean prices later in the summer probably will begin adjusting to the lower 1959 soybean loan rate of $1.85 per bushel. Processors and exporters of beans likely will reduce their inventories to a minimum in anticipation of lower prices for 1959 crop soybeans. The timing of the 1959 harvest will be an important factor determining the beginning of the price adjustment to the lower support rate.

Soybean crushings in October-June 1958-59 (June estimated) were about 312 million bushels, around 45 million more than the previous year. Some seasonal decrease is likely in the July-September quarter, but crushings for the entire marketing year probably will reach a new high of about 400 million bushels, compared with 354 million last year.

Soybean exports continue to run way ahead of last year and are expected to set a new record of around 105 million bushels for the 1958-59 marketing year. This compares with 85 million the previous year. From October 1958 through July 10 about 91 million bushels (based in part on inspection data) were shipped out, compared with 74 million a year earlier. Large quantities are moving to Western Europe, Japan, and Canada. The improved European demand stemmed from shorter copra supplies and reduced Northern European oil stocks. Exports to Japan are up as a result of the break in trade relations between that country and Communist China.

Soybean oil prices (crude, Decatur) this season have declined from 10.4 cents in November to 9.3 cents in February. They have remained relatively stable since, averaging about 1.5 cents below last year and the lowest since the spring of 1941.

Bean oil prices over the next few months probably will continue below last year in spite of record disappearance, reflecting large supplies of soybeans, soybean oil and competitive food fats. Soybean oil prices for the entire 1958-59 marketing year probably will average about 9.5 cents per pound, compared with 10.8 cents last year.

Exports of soybean and cottonseed oils in October-May 1958-59 totaled 724 million pounds compared with 672 million a year earlier. Exports of these edible vegetable oils under PL 480 during the 8 months amounted to 439 million pounds compared with 359 million the previous season. In view of the lag in purchases of edible oils under authorizations issued and effective in the current marketing year, it now appears that a good part of the 1.3 billion pounds of program oil may remain unshipped on September 30, 1959. Total exports of soybean and cottonseed oils for the entire 1958-59 marketing year may be about 1.4 billion pounds compared with 1.0 billion last year and the record 1.2 billion in 1956-57.

Lard output in 1959-60 is expected to increase around 10 percent from the 2,675 million pounds now estimated for the current marketing year. The increase would mainly reflect a rise in hog slaughter. The 1959 pig crop, which will provide most of the hogs for slaughter in 1959-60, is expected to total 104.5 million head compared with 94.7 million for 1958.

The 1959 flaxseed crop was indicated as of July 1 at nearly 28 million bushels, about 30 percent less than the 40 million bushels produced last year. The drop reflects the decline in acreage, due mainly to the sharp drop of 40 cents per bushel in the 1959 support price, and relatively poor yield prospects. A flax crop the size of the one indicated would be about equal to probable domestic requirements, and prices to farmers would likely average near the support price of $2.38 per bushel.

The July 1 Crop Report indicated soybeans planted alone for all purposes at 22.9 million acres, 8 percent below 1958. About 22.0 million acres of the total will be harvested for beans if growers carry out their intentions. Cottonseed output is expected to rise sharply this year reflecting the 28 percent increase in cotton acreage planted.

The first production forecasts for soybeans and cottonseed will be released in August.

FEED

Growing conditions have been generally favorable for feed crops through early July, and another record supply of feed grain is in prospect for 1959-60. Based on early July indications, feed grain production will be only slightly below the record production of 158 million tons in 1958. The indicated bumper corn crop of around 4.2 billion bushels would be more than 400 million bushels above the 1958 crop. But this is expected to be offset by smaller crops of oats, barley and sorghum grain. The total carryover of feed grains into 1959-60 is expected to be up 8 to 10 million tons over the 59 million in 1958-59. This would add to a total feed grain supply a little above the record supply last year.

Hay crops and pastures have made about average growth so far this year. The 1959 crop was estimated in July at 110 million tons, 10 percent below the big 1958 crop. Hay supplies per animal unit are below the big supplies of the past 2 years, but are a little above the 1953-57 average. The conditions of pastures averaged 83 percent of normal on July 1, which was near average for that date, but 5 percentage points below a year earlier.

Feed prices were slightly to moderately higher than a year earlier during most of the past winter and spring. But this summer they have shown less strength than in the summer of 1958 and cash prices of feed grains at terminal markets in early July were about 4 percent below those of a year earlier. Wholesale prices of high protein feeds averaged 8 percent lower.

With the big 1959 feed grain production in prospect and generally lower 1959 supports, feed grain prices are expected to continue a little below a year earlier this summer and fall. However, smaller crops of oats and barley are expected to hold prices of these grains higher relative to the support rates than in 1958.

The price of No. 3 Yellow corn at Chicago declined 5 cents per bushel from late June to an average price of $1.24 for the week ended July 10. This was 10 cents lower than a year earlier. Prices of oats and barley at Minneapolis remained generally firm through the first half of July. Minimum sales prices for CCC oats, barley and sorghum grain for domestic use, announced for July, which are based on the 1959 supports, are well below prices in effect during the 1958-59 season. The sale price on corn will be adjusted to the 1959 support basis in October.

WHEAT

The total wheat supply for the marketing year beginning July 1, 1959 is now estimated at a record of about 2,450 million bushels, 4 percent above the previous record of a year earlier and 20 percent above the 1953-57 average. The increase results from a substantially larger carryover than a year earlier. A much smaller crop is in prospect.

The July 1, 1959 carryover is expected to be about 1,290 million bushels. The official estimate of stocks of old-crop wheat in all positions on July 1 will be released July 24. The bulk of the carryover will again be held by CCC. The crop was forecast at 1,155 million bushels as of July 1. The supply estimate also includes an allowance for imports of about 8 million bushels, mostly of feeding quality wheat.

Domestic disappearance for 1959-60 is estimated at about 625 million bushels, slightly above the marketing year just ending. Exports are assumed at about 425 million bushels, less than the 445 million estimated for 1958-59 because of favorable crop prospects in importing countries. This would leave a carryover July 1, 1960 of about 1,400 million bushels, over 100 million bushels above the estimated carryover this July and a new record.

The average price received by farmers in mid-June was $1.69, down from the season's high of $1.77 in the two previous months. In mid-June a year ago, the average price was $1.70. On July 20, prices of No. 2 Hard Winter at Kansas City and No. 2 Soft Red Wheat at St. Louis were only about 10 cents below the new effective support. This is not as much as usual at this time of the year. Moreover, at many country points prices have been above the effective support level. Wheat prices in the hard spring wheat area, where wheat is still to be harvested and where dry conditions have reduced crop prospects, are above the net support level for new crop wheat. Prices in the Pacific Northwest, where wheat has not been harvested, are slightly above the net support.

The relative strength this year reflects adequate storage space for withholding from the market, as a result of new construction, and reduced production from the record level of last year.

A minimum 1960-crop wheat national average support price of $1.77 was announced on July 8. This advance support price reflects 75 percent of the estimated parity price. If marketing quotas are disapproved in the July 23 referendum, the support level will be at 50 percent of parity, or a national average of about $1.18 per bushel. Compliance with allotments would continue to be a condition of eligibility for the lower support price.

FRUIT

Because of larger crops of most fruits this year than in 1958, total supplies of fresh deciduous and citrus fruits are expected to be somewhat larger this summer than a year earlier. Until supplies from the new packs of processed fruit become available this summer and fall, supplies of frozen orange concentrate will continue much heavier, those of dried fruits lighter, and those of other classes of processed fruits and fruit juices adequate for the usual needs. Although demand for fruit is expected to continue strong, season average prices for some fruits probably will be down from 1958 because of larger crops.

Production prospects in early July for deciduous fruits were for total 1959 production of these fruits to be about 6 percent above 1958, and 10 percent above average. The indications were for much larger crops of apricots, sour cherries, plums, and prunes; moderate increases for peaches, pears, and grapes; moderate decreases for apples and sweet cherries; and a large drop for strawberries. The increase in peaches is mostly in the California clingstone crop, which is used mostly for canning. Excluding clingstones,the U. S. peach crop is a little smaller than in 1958, but considerably larger than average. Production of dried prunes in California is expected to be more than $1\frac{1}{2}$ times the relatively light tonnage in 1958, but a little below average. July 1 prospects for tree nuts were for a record crop of almonds, and for a heavier crop of filberts, and a lighter crop of walnuts than in 1958.

Movement of canned fruits from canners to the distributive trade was good for a number of months, but slowed down during April and May 1959, as wholesalers reduced their stocks, apparently in anticipation of increased packs of some items at lower prices than in 1958. On April 1, 1959, canners' stocks of 9 items of canned fruits combined were about 13 percent smaller than a year earlier, and on June 1 they were only 2 percent smaller. In contrast, wholesale distributors' stocks of 7 of these 9 items on April 1, 1959 were about 5 percent larger than on that date in 1958, but by June 1 had dropped to about 9 percent smaller than a year earlier. Some increase in the total pack of canned fruits in 1959 is expected.

As usual, most of the oranges marketed fresh during summer are California Valencias. The crop this year is more than 1½ times the small crop last year, but moderately below average. Prices are expected to continue under the relatively high prices of last summer. Supplies of lemons continue large at prices not greatly different from a year ago. But a larger crop of Florida limes is bringing lower prices this summer. Supplies of grapefruit from the California summer crop are somewhat larger than a year ago. Even so, supplies will be seasonally light this summer as usual; they will become heavy again in fall as fruit becomes available from the new crop in Florida, the main producer of grapefruit.

With the 1958-59 season for making frozen orange concentrate in Florida practically ended by July 4, approximately 80 million gallons of this product had been packed. This is about 11 percent above the previous record in 1956-57 and 40 percent larger than the relatively light pack in 1957-58. Packers' stocks on July 4 were about 55 percent larger than a year earlier, but only 16 percent larger than two years earlier. Retail prices are expected to continue somewhat below the relatively high prices of last summer. Output of Florida canned single-strength orange juice in 1958-59 was about 26 percent smaller than in 1957-58, and stocks on July 4 were about 3 percent below a year earlier. But stocks of other canned citrus juices were considerably larger. Cold-storage stocks of frozen deciduous fruits and berries (excluding juices) were about 17 percent smaller on July 1, 1959 than a year earlier, due partly to much lighter stocks of strawberries.

COMMERCIAL VEGETABLES

For Fresh Market

Vegetables for fresh market, excluding melons, may be in slightly larger supply this summer than last. Early July estimates for 18 vegetables making up about two-thirds of total summer tonnage indicate an output 3 percent above last summer and materially above the 1949-57 average. Among individual vegetables, production of summer cabbage, cauliflower, lima beans, eggplant, beets, and green peas are substantially smaller than last year, and carrots, and cucumbers moderately smaller. But production of early summer onions, green peppers, and summer lettuce is materially larger than a year ago, and summer sweet corn moderately larger. Prospective production of watermelons for summer harvest is down 15 percent from the high level of a year earlier, but slightly above average. Combined output of early and mid-summer cantaloups is about in line with that of a year ago.

If present production prospects materialize, prices to growers for fresh vegetables during the next 6 to 8 weeks, are expected to average about the same as those of a year earlier. Prices at retail may be a little higher.

Processed

Supplies of processed vegetables continue substantially above average levels. Acreage of vegetables for processing in 1959 is down 4 percent from last year, and yields may average below the high levels of last year. But some expected reduction in the canned pack, compared with 1958, will be partly offset by larger stocks at the beginning of the current season. Frozen supplies are expected to be moderately larger than last season.

POTATOES AND SWEETPOTATOES

Production of potatoes for summer harvest promises to be moderately smaller than last year. The early summer crop is down 7 percent, and the important late summer crop is down 3 percent. Also, there is considerably less overlap of supplies from late spring areas than last year. Prices both at farm and retail are expected to average materially above the low levels of last summer. Acreage of potatoes for fall harvest is 2 percent smaller than last year.

Early reports indicate that sweetpotato production will be fractionally larger than in 1958, but a tenth below the 1949-57 average. Prices to growers this summer may average near those of a year earlier.

DRY BEANS AND PEAS

Dry edible beans are expected to be in about the same supply during the 1959-60 season as a year earlier. But prospective supplies of dry field peas are substantially larger than the small supplies of last season. Prices received by growers for 1959-crop dry peas are expected to average well below the relatively high levels for the 1958 crop. Barring another poor bean crop in Europe and a consequent strong export demand for U. S. beans, prices to growers in the 1959-60 season are likely to average substantially below those of the previous season.

COTTON

About 15.9 million acres were planted to cotton in 1959 according to the July 8 estimate of the Crop Reporting Board. This was 3.5 million acres or 28 percent above 1958 and 1.6 million acres above 1957. Total cotton allotments for 1959, including acres added by upland farmers electing choice (B) and allotments for extra-long staple amounted to 17.4 million acres. An estimated 571,000 acres were placed in the Conservation Reserve of the Soil Bank, leaving 16,830,000 allotment acres available for planting. Thus, 940,000 acres, or 5.6 percent of the remaining allotment acres, were not planted.

Underplanting was proportionately greatest in the Southeast, indicating that in these States a considerable proportion of the land which had been in the Acreage Researve of the Soil Bank for 2-3 years has not been returned to cotton production. In New Mexico, Arizona, California, Missouri, the irrigated areas of Texas, and the Delta counties of the Central States the allotted acreage was generally planted.

Disappearance during the current season is estimated at about 11.5 million bales. This assumes that mill consumption will total 8.6-8.7 million bales and exports will be around 2.8 million bales.

Domestic mill consumption of cotton for the 10 months ending May 31, 1959 totaled 7.2 million bales, 400,000 above the same months a year earlier. With mill margins at their best levels in 2½ years, unfilled orders high, stocks relatively low, and summer shutdowns expected to be considerably shorter than last year, the high rate of consumption is expected to carry through the end of the current season.

Exports have been running at about half of last year's total during most of the season. Through May, they totaled 2.4 million bales compared with 4.8 million during the same 10 months of the 1957-58 season. CCC sales for export and registrations under the 1958-59 payment-in-kind program through July 13 totaled 2,768,000 bales. Substantial sales or registrations are unlikely to take place during the remainder of the season.

The total U. S. supply of all kinds of cotton in 1958-59 was about 20.3 million running bales, 2.1 million below the previous season. By May 31 the total supply had declined to 10½ million bales, about the same as a year earlier. Of this, about 1½ million bales were held by mills and other consuming establishments, CCC holdings totaled approximately 7.4 million bales, while "free" stocks amounted to approximately 1.6 million bales. Privately held stocks thus amounted to 3.1 million bales, less than half of the estimated 6.3 million held on May 31, 1958.

The high level of CCC holdings resulted from a record 60 percent, or 6.8 million bales of the 1958 crop having been placed under loan. As of July 10, 6.1 million bales remained outstanding or under loan while CCC held about 1.1 million bales of 1957 and prior crop cotton in its inventory.

The average price received by farmers for upland cotton in mid-June was 31.48 cents per pound. The June price was equal to 83 percent of parity and 2.39 cents above June 1958. The average price of Middling-inch cotton at the 14 spot markets reached a season low of 33.61 cents per pound on July 16, compared with an average of 34.50 in June and a season average through June 1959 of 34.55 cents. The downward trend in recent weeks represents reduced mill demand during the vacation shutdown period as well as discounting of current prices in anticipation of the prices at which CCC will sell its holdings of upland cotton after July 31, 1959.

WOOL

The significant improvements in the world wool demand and prices have continued in recent months. The closing auctions of the 1958-59 Australian wool selling season were firm as most wools held steady. But in the U. S., mill vacation closings plus a tendency on the part of domestic wool sellers to hold firm on prices whenever possible has slowed the wool market in this country.

Early in June, Boston quotations for domestic wools rose from the levels which had prevailed since early May, as of July 10, ranging from 15 to 20 cents a pound, or 13 to 22 percent above mid-January. The average prices received by domestic growers for shorn wool in mid-June was 42.9 cents a pound, grease basis, .2 cent above May and 4.3 cents over June 1958.

Incentive payments on shorn wool marketed between April 1, 1958 and March 31, 1959 will soon be received by sheep and lamb producers. The shorn wool incentive rate is 70.3 percent, the amount which brings the national average return for wool from the 36.4 cents per pound received by growers up to the 62-cent incentive level. To determine the wool incentive payment for individual producers, the rate of 70.3 percent is applied to the dollar return each producer received for wool after paying market charges.

No payments will be made on mohair sold during the 1958 marketing year as the average price of 72.3 cents per pound received by producers was above the 70-cent incentive level.

The wool program and incentive levels for the current marketing year are the same as for the 1958 season. The firming of prices this season indicates that incentive payments for the 1959 clip will be below the $85 million estimated for the 1958 season.

United States consumption of apparel wool during January-May 1959 totaled 111 million pounds, scoured basis, 34 percent more than a year earlier. Consumption of carpet wool during the same 5 months totaled 72 million pounds, a gain of 69 percent. The May 1959 carpet wool consumption was 120 percent more than in May 1958. Total raw wool consumption during the first 5 months of 1959 of 183 million pounds was about 46 percent above a year earlier and about equal to total consumption during the first 5 months of 1957.

Following a substantial decline during most of 1958, imports began to increase in the final months of last year. During January-May 1959 imports for consumption, clean basis, totaled 147 million pounds or double a year earlier. Of the 73 million-pound increase, 22 million represented dutiable wools.

TOBACCO

The July indication for production of all types of tobacco combined at 1,783 million pounds is about 3 percent above the total 1958 crop but the third smallest since 1943. Acreage of tobacco for harvest this year is estimated to be 7 percent above 1958 when it was the lowest in 50 years. As of July 1, average yield per acre of all types combined was indicated to be down about 4 percent from that realized last year--largely due to the lower prospective

yield for flue-cured. Prospective yields per acre for burley and the Kentucky-Tennessee fire- and dark air-cured types are above those of 1958.

The July indication was for a total flue-cured crop of 1,082 million pounds, slightly above the 1958 outturn. Flue-cured acreage increased 9 percent but average yield per acre is indicated to be 8 percent lower than the record high of last year. Carryover of flue-cured on July 1, 1959 is estimated at 2,195 million pounds--5 percent below a year ago and nearly 13 percent below the record high of 2 years ago. Carryover plus this year's production will provide a total 1959-60 supply of about 3,277 million pounds--3 percent less than for 1958-59 and 11 percent below the record level of 1956-57.

The domestic use of flue-cured in the year ended June 30 is estimated at 750 million pounds--about 15 million pounds larger than in the previous year. Exports at about 445 million pounds (farm-sales weight) were fairly near the level of 1957-58 and also the recent 10-year average.

The southernmost auction markets for flue-cured--those in Florida and Georgia--opened July 23. Price data for early sales were not available in time for this issue. Markets in South Carolina and Border North Carolina start July 30. Other markets in North Carolina and those in Virginia will be opening during August and September.

The Government support level for 1959 crop flue-cured is 55.5 cents per pound--nine-tenths of a cent above last year. Price support for flue-cured is based on 90 percent of its parity price as of July 1.

Marketings of the 1958 crop of Maryland tobacco has been about completed. Auction markets closed July 17. The auction season average was 61.8 cents per pound--40 percent higher than last season and 21 percent above 2 years ago. The indicated 1959 crop of Maryland tobacco as of July 1 is 33 million pounds--6 percent larger than the current estimate for 1958.

The 1959 crop of burley tobacco, estimated at 486 million pounds as of July 1, is nearly 4½ percent above last year. This year's crop plus the carryover is expected to provide a total supply for 1959-60 of about 1,733 million pounds--1 percent below the 1958-59 level.

Flue-cured, burley and Maryland tobaccos are mainly cigarette tobaccos. Fire-cured and dark air- and sun-cured tobaccos are used mainly in snuff and chewing tobacco. According to July 1 indications, the 1959 fire-cured and dark air-cured crops will each be up 15 percent from last year's record lows. The 1959 sun-cured tobacco crop is indicated to be 44 percent above 1958.

The July indication for cigar filler tobacco was for about a 12 percent increase from last year. The Connecticut Valley cigar binder crop is indicated to be 54 percent above the very small outturn of last year but far less than those prior to 1956. The development of processed binder sheet has sharply reduced cigar manufacturers' requirements for Connecticut Valley types. The production of the Wisconsin binder types may be 12 percent larger than in 1958. A substantial share of Wisconsin tobacco is utilized in scrap chewing tobacco. Indicated production of shade-grown cigar wrapper in the Connecticut Valley and Georgia-Florida is up 6 and 21 percent, respectively, from last year's harvestings.

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